

# HOUSE BILL 727

K4

11r1837  
CF SB 799

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By: **Delegate Griffith (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 10, 2011

Assigned to: Appropriations

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Committee Report: Favorable

House action: Adopted

Read second time: March 15, 2011

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – Retirees and Beneficiaries of**  
3 **Retirees – Annual Retirement Allowance Adjustments**

4 FOR the purpose of providing that certain annual retirement allowance adjustments  
5 shall be a certain amount under certain circumstances; requiring that certain  
6 annual retirement allowances be reduced by a certain amount under certain  
7 circumstances; defining certain terms; repealing certain termination provisions;  
8 requiring the State Retirement Agency to review certain provisions of the State  
9 Personnel and Pensions Article for a certain purpose and make certain  
10 recommendations to the Joint Committee on Pensions on or before a certain  
11 date; and generally relating to annual retirement allowance adjustments for  
12 retirees of the several systems of the State Retirement and Pension System.

13 BY repealing and reenacting, with amendments,  
14 Article – State Personnel and Pensions  
15 Section 24–401(e), 29–406, 29–407, 29–412, 29–418, and 29–427  
16 Annotated Code of Maryland  
17 (2009 Replacement Volume and 2010 Supplement)

18 BY repealing  
19 Chapter 56 of the Acts of the General Assembly of 2010  
20 Section 4

21 BY repealing  
22 Chapter 57 of the Acts of the General Assembly of 2010

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



## 1 Section 4

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article – State Personnel and Pensions**

5 24–401.

6 (e) (1) Subject to paragraph (2) of this subsection, a retiree, or a  
7 beneficiary of a retiree, who retires on or before June 30, 1999 with a service  
8 retirement allowance, shall receive an annual retirement allowance adjustment as of  
9 July 1, 1999, as follows:

10 (i) for a retiree who has been retired not more than 5 years,  
11 \$1,200;

12 (ii) for a retiree who has been retired more than 5 years but not  
13 more than 10 years, \$1,500;

14 (iii) for a retiree who has been retired more than 10 years but  
15 not more than 15 years, \$1,800; and

16 (iv) for a retiree who has been retired more than 15 years,  
17 \$2,100.

18 (2) Except as provided in paragraph (3) of this subsection, each fiscal  
19 year, the Board of Trustees shall [increase] ADJUST the adjustment received by the  
20 retiree or the beneficiary as of July 1, 1999, by multiplying the adjustment by a  
21 fraction that has:

22 (i) as its numerator, the Consumer Price Index for the calendar  
23 year ending December 31 of the preceding fiscal year; and

24 (ii) as its denominator, the Consumer Price Index for the  
25 calendar year ending December 31, 1998.

26 [(3) (i) For fiscal year 2011, if the annual retirement allowance  
27 adjustment that is adjusted as provided in paragraph (2) of this subsection is less than  
28 the annual retirement allowance adjustment payable for fiscal year 2010, the annual  
29 retirement allowance adjustment payable for fiscal year 2011 shall equal the annual  
30 retirement allowance adjustment payable for fiscal year 2010.

31 (ii) For fiscal year 2012, the annual retirement allowance  
32 adjustment that is adjusted as provided in paragraph (2) of this subsection shall be  
33 reduced by the difference between the annual retirement allowance adjustment  
34 payable for fiscal year 2010 and the annual retirement allowance adjustment that

1 would have been payable for fiscal year 2011 if it had been adjusted under paragraph  
2 (2) of this subsection.]

3           **(3) (I) IN THIS PARAGRAPH, “ZERO-ADJUSTMENT FISCAL**  
4 **YEAR” MEANS ANY FISCAL YEAR WHEN THE ALLOWANCE ADJUSTMENT AS**  
5 **PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION IS LESS THAN THE**  
6 **ALLOWANCE ADJUSTMENT PAID FOR THE PRECEDING FISCAL YEAR.**

7           **(II) FOR ANY FISCAL YEAR, THE ALLOWANCE ADJUSTMENT**  
8 **MAY NOT BE LESS THAN THE ALLOWANCE ADJUSTMENT PAID FOR THE**  
9 **PRECEDING FISCAL YEAR.**

10           **(III) 1. THIS SUBPARAGRAPH APPLIES ONLY TO A FISCAL**  
11 **YEAR THAT IS NOT A ZERO-ADJUSTMENT FISCAL YEAR.**

12                           **2. SUBJECT TO SUBSUBPARAGRAPH 3 OF THIS**  
13 **SUBPARAGRAPH:**

14                           **A. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
15 **AFTER A ZERO-ADJUSTMENT FISCAL YEAR, THE ALLOWANCE ADJUSTMENT AS**  
16 **PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL BE REDUCED BY THE**  
17 **DIFFERENCE BETWEEN THE ALLOWANCE ADJUSTMENT PAID IN THE PRECEDING**  
18 **FISCAL YEAR AND THE ALLOWANCE ADJUSTMENT THAT WOULD HAVE BEEN**  
19 **PAYABLE FOR THE PRECEDING FISCAL YEAR IF THE ALLOWANCE FOR THAT**  
20 **FISCAL YEAR HAD BEEN ADJUSTED AS PROVIDED UNDER PARAGRAPH (2) OF**  
21 **THIS SUBSECTION; AND**

22                           **B. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
23 **AFTER 2 OR MORE CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEARS, THE**  
24 **ALLOWANCE ADJUSTMENT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
25 **SUBSECTION SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE TOTAL OF**  
26 **THE ALLOWANCE ADJUSTMENTS PAID IN EACH CONSECUTIVE**  
27 **ZERO-ADJUSTMENT FISCAL YEAR PRECEDING THE FISCAL YEAR AND THE**  
28 **TOTAL ALLOWANCES THAT WOULD HAVE BEEN PAYABLE FOR EACH OF THE**  
29 **ZERO-ADJUSTMENT FISCAL YEARS IF THE ALLOWANCE ADJUSTMENT FOR EACH**  
30 **OF THOSE FISCAL YEARS HAD BEEN ADJUSTED UNDER PARAGRAPH (2) OF THIS**  
31 **SUBSECTION.**

32                           **3. IF THE AMOUNT OF THE REDUCTION REQUIRED**  
33 **FOR ANY FISCAL YEAR UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH**  
34 **EXCEEDS THE DIFFERENCE BETWEEN THE ALLOWANCE ADJUSTMENT AS**  
35 **PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION FOR THE FISCAL YEAR AND**  
36 **THE ALLOWANCE ADJUSTMENT PAID IN THE PRECEDING FISCAL YEAR, THE**  
37 **EXCESS SHALL BE DEDUCTED IN FUTURE FISCAL YEARS, SUBJECT TO**

1 SUBPARAGRAPH (II) OF THIS PARAGRAPH, UNTIL THE DIFFERENCE IS FULLY  
2 RECOVERED.

3 29-406.

4 (a) [(1)] [Except as provided in paragraph (2) of this subsection and  
5 subject] SUBJECT to subsection (c) of this section, the cost-of-living adjustment made  
6 under this Part II equals the initial allowance multiplied by a fraction that has:

7 [(i)] (1) as its numerator, the amount obtained by subtracting  
8 the Consumer Price Index for the calendar year ending December 31 of the preceding  
9 fiscal year from the base year Consumer Price Index described in subsection (b) of this  
10 section; and

11 [(ii)] (2) as its denominator, the base year Consumer Price  
12 Index described in subsection (b) of this section.

13 [(2) If the cost-of-living adjustment determined under paragraph (1) of  
14 this subsection for fiscal year 2011 would result in an allowance payable for fiscal year  
15 2011 that is less than the allowance payable for fiscal year 2010, the annual  
16 cost-of-living adjustment for fiscal year 2011 shall equal \$0.00.]

17 (b) The base year Consumer Price Index referred to in subsection (a) of this  
18 section equals the later of:

19 (1) the Consumer Price Index for the calendar year ending December  
20 31 of the fiscal year that preceded the last adjustment; or

21 (2) (i) for a retiree, the Consumer Price Index for the calendar year  
22 ending December 31 of the fiscal year in which the retiree was last employed as a  
23 member; or

24 (ii) for a former member who elected a vested allowance in  
25 accordance with § 29-303 of this title, the Consumer Price Index for the calendar year  
26 ending December 31 of the fiscal year in which the former member became 62 years  
27 old.

28 (c) The cost-of-living adjustment under this section may not exceed 3% of  
29 the initial allowance.

30 29-407.

31 (a) Except as provided in subsection (b) of this section, the total allowance  
32 payable in any fiscal year shall be the sum of:

33 (1) the initial allowance;

- 1           (2)     all prior cost-of-living adjustments;
- 2           (3)     the cost-of-living adjustment provided for under § 29-406 of this  
3 subtitle; and
- 4           (4)     any additional annuity.

5           [(b)    For fiscal year 2012, the allowance payable as provided in subsection (a)  
6 of this section shall be reduced by the difference between the allowance payable for  
7 fiscal year 2010 and the allowance that would have been paid for fiscal year 2011 if the  
8 cost-of-living adjustment had been calculated as provided under § 29-406(a) of this  
9 subtitle.]

10           **(B) (1) IN THIS SUBSECTION, “ZERO-ADJUSTMENT FISCAL YEAR”**  
11 **MEANS ANY FISCAL YEAR WHEN THE COST-OF-LIVING ADJUSTMENT PROVIDED**  
12 **IN § 29-406 OF THIS SUBTITLE IS LESS THAN \$0.00.**

13           **(2) FOR ANY FISCAL YEAR, THE TOTAL ALLOWANCE PAYABLE MAY**  
14 **NOT BE LESS THAN THE ALLOWANCE PAID FOR THE PRECEDING FISCAL YEAR.**

15           **(3) (I) THIS PARAGRAPH APPLIES ONLY TO A FISCAL YEAR**  
16 **THAT IS NOT A ZERO-ADJUSTMENT FISCAL YEAR.**

17           **(II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH:**

18                   **1. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
19 **AFTER A ZERO-ADJUSTMENT FISCAL YEAR, THE ALLOWANCE PAYABLE AS**  
20 **PROVIDED IN SUBSECTION (A) OF THIS SECTION SHALL BE REDUCED BY THE**  
21 **DIFFERENCE BETWEEN THE ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR**  
22 **AND THE ALLOWANCE THAT WOULD HAVE BEEN PAYABLE FOR THE PRECEDING**  
23 **FISCAL YEAR IF THE ALLOWANCE FOR THAT FISCAL YEAR HAD BEEN**  
24 **CALCULATED WITHOUT REGARD TO PARAGRAPH (2) OF THIS SUBSECTION; AND**

25                   **2. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
26 **AFTER 2 OR MORE CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEARS, THE**  
27 **ALLOWANCE PAYABLE AS PROVIDED IN SUBSECTION (A) OF THIS SECTION**  
28 **SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE TOTAL OF THE**  
29 **ALLOWANCES PAID IN EACH CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEAR**  
30 **PRECEDING THE FISCAL YEAR AND THE TOTAL ALLOWANCES THAT WOULD**  
31 **HAVE BEEN PAYABLE FOR EACH OF THOSE FISCAL YEARS IF THE ALLOWANCE**  
32 **FOR EACH OF THOSE FISCAL YEARS HAD BEEN CALCULATED WITHOUT REGARD**  
33 **TO PARAGRAPH (2) OF THIS SUBSECTION.**

34           **(III) IF THE AMOUNT OF THE REDUCTION REQUIRED FOR**  
35 **ANY FISCAL YEAR UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH EXCEEDS**

1 THE DIFFERENCE BETWEEN THE ALLOWANCE AS PROVIDED IN SUBSECTION (A)  
2 OF THIS SECTION FOR THE FISCAL YEAR AND THE ALLOWANCE PAID IN THE  
3 PRECEDING FISCAL YEAR, THE EXCESS SHALL BE DEDUCTED IN FUTURE YEARS,  
4 SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, UNTIL THE DIFFERENCE IS  
5 FULLY RECOVERED.

6 29–412.

7 (a) Except as provided in subsection (b) of this section and subject to §  
8 29–413 of this subtitle, each fiscal year, the Board of Trustees shall adjust an initial  
9 allowance by multiplying the initial allowance by the fraction that has:

10 (1) as its numerator, the Consumer Price Index for the calendar year  
11 ending December 31 of the preceding fiscal year; and

12 (2) as its denominator:

13 (i) for a retiree, the beneficiary of a retiree, or the surviving  
14 spouse of a member, the Consumer Price Index for the calendar year ending December  
15 31 of the fiscal year in which the retiree or member was last employed; or

16 (ii) for a former member or the beneficiary of a former member,  
17 the Consumer Price Index for the calendar year ending December 31 of the fiscal year  
18 in which the former member reaches normal retirement age.

19 [(b) For fiscal year 2011, if the allowance adjusted as provided in subsection  
20 (a) of this section is less than the allowance payable for fiscal year 2010, the allowance  
21 payable for fiscal year 2011 shall equal the allowance payable for fiscal year 2010.

22 (c) For fiscal year 2012, the allowance adjusted as provided in subsection (a)  
23 of this section shall be reduced by the difference between the allowance payable for  
24 fiscal year 2010 and the allowance that would have been payable for fiscal year 2011 if  
25 it had been adjusted under subsection (a) of this section.]

26 (B) (1) IN THIS SUBSECTION, “ZERO–ADJUSTMENT FISCAL YEAR”  
27 MEANS ANY FISCAL YEAR WHEN THE ALLOWANCE ADJUSTED AS PROVIDED IN  
28 SUBSECTION (A) OF THIS SECTION RESULTS IN AN ALLOWANCE THAT IS LESS  
29 THAN THE ALLOWANCE PAYABLE FOR THE PRECEDING FISCAL YEAR.

30 (2) FOR ANY FISCAL YEAR, THE ALLOWANCE PAYABLE MAY NOT  
31 BE LESS THAN THE ALLOWANCE PAID FOR THE PRECEDING FISCAL YEAR.

32 (3) (I) THIS PARAGRAPH APPLIES ONLY TO A FISCAL YEAR  
33 THAT IS NOT A ZERO–ADJUSTMENT FISCAL YEAR.

34 (II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH:

1                   1.     FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY  
2 AFTER A ZERO-ADJUSTMENT FISCAL YEAR, THE ALLOWANCE PAYABLE AS  
3 PROVIDED IN SUBSECTION (A) OF THIS SECTION SHALL BE REDUCED BY THE  
4 DIFFERENCE BETWEEN THE ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR  
5 AND THE ALLOWANCE THAT WOULD HAVE BEEN PAYABLE FOR THE PRECEDING  
6 FISCAL YEAR IF THE ALLOWANCE FOR THAT FISCAL YEAR HAD BEEN  
7 CALCULATED WITHOUT REGARD TO PARAGRAPH (2) OF THIS SUBSECTION; AND

8                   2.     FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY  
9 AFTER 2 OR MORE CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEARS, THE  
10 ALLOWANCE PAYABLE AS PROVIDED IN SUBSECTION (A) OF THIS SECTION  
11 SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE TOTAL OF THE  
12 ALLOWANCES PAID IN EACH CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEAR  
13 PRECEDING THE FISCAL YEAR AND THE TOTAL ALLOWANCES THAT WOULD  
14 HAVE BEEN PAYABLE FOR EACH OF THOSE FISCAL YEARS IF THE ALLOWANCE  
15 FOR EACH OF THOSE FISCAL YEARS HAD BEEN CALCULATED WITHOUT REGARD  
16 TO PARAGRAPH (2) OF THIS SUBSECTION.

17                   (III) IF THE AMOUNT OF THE REDUCTION REQUIRED FOR  
18 ANY FISCAL YEAR UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH EXCEEDS  
19 THE DIFFERENCE BETWEEN THE ALLOWANCE AS PROVIDED IN SUBSECTION (A)  
20 OF THIS SECTION FOR THE FISCAL YEAR AND THE ALLOWANCE PAID IN THE  
21 PRECEDING FISCAL YEAR, THE EXCESS SHALL BE DEDUCTED IN FUTURE YEARS,  
22 SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, UNTIL THE DIFFERENCE IS  
23 FULLY RECOVERED.

24 29-418.

25                   (a)    [(1)] [Except as provided in paragraph (2) of this subsection, each]  
26 EACH fiscal year, the Board of Trustees shall adjust an allowance by multiplying the  
27 allowance for the preceding fiscal year, exclusive of any additional voluntary annuity,  
28 by a rate not exceeding 5%, that is obtained by dividing the Consumer Price Index for  
29 the calendar year ending December 31, in the preceding fiscal year by the Consumer  
30 Price Index for the calendar year ending December 31 in the second preceding fiscal  
31 year.

32                   [(2) If the adjustment determined under paragraph (1) of this  
33 subsection for fiscal year 2011 would result in an allowance payable for fiscal year  
34 2011 that is less than the allowance for fiscal year 2010, the adjustment for fiscal year  
35 2011 shall equal \$0.00.]

36                   (b)    The adjustment under subsection (a) of this section shall begin the second  
37 July 1 after the day preceding the retiree's date of retirement or the former member's  
38 effective date for receipt of a vested allowance.

1 (c) (1) Except as provided in paragraph (2) of this subsection, the total  
2 allowance payable in each fiscal year shall be the sum of:

3 (i) the annual rate of allowance paid during the preceding fiscal  
4 year;

5 (ii) the adjustment in allowance provided for under this section;  
6 and

7 (iii) any additional annuity.

8 [(2) For fiscal year 2012, the allowance payable as provided in  
9 subsection (a) of this section shall be reduced by the difference between the allowance  
10 payable for fiscal year 2010 and the allowance that would have been paid for fiscal  
11 year 2011 if the adjustment had been calculated as provided under subsection (a) of  
12 this section.]

13 **(2) (I) IN THIS PARAGRAPH, “ZERO-ADJUSTMENT FISCAL**  
14 **YEAR” MEANS ANY FISCAL YEAR WHEN THE ALLOWANCE ADJUSTED AS**  
15 **PROVIDED IN SUBSECTION (A) OF THIS SECTION RESULTS IN AN ALLOWANCE**  
16 **THAT IS LESS THAN THE ALLOWANCE PAYABLE FOR THE PRECEDING FISCAL**  
17 **YEAR.**

18 **(II) FOR ANY FISCAL YEAR, THE ALLOWANCE PAYABLE MAY**  
19 **NOT BE LESS THAN THE ALLOWANCE PAID FOR THE PRECEDING FISCAL YEAR.**

20 **(III) 1. THIS SUBPARAGRAPH APPLIES ONLY TO A FISCAL**  
21 **YEAR THAT IS NOT A ZERO-ADJUSTMENT FISCAL YEAR.**

22 **2. SUBJECT TO SUBSUBPARAGRAPH 3 OF THIS**  
23 **SUBPARAGRAPH:**

24 **A. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
25 **AFTER A ZERO-ADJUSTMENT FISCAL YEAR, THE ALLOWANCE PAYABLE AS**  
26 **PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED BY THE**  
27 **DIFFERENCE BETWEEN THE ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR**  
28 **AND THE ALLOWANCE THAT WOULD HAVE BEEN PAYABLE FOR THE PRECEDING**  
29 **FISCAL YEAR IF THE ALLOWANCE FOR THAT FISCAL YEAR HAD BEEN**  
30 **CALCULATED WITHOUT REGARD TO SUBPARAGRAPH (II) OF THIS PARAGRAPH;**  
31 **AND**

32 **B. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
33 **AFTER 2 OR MORE CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEARS, THE**  
34 **ALLOWANCE PAYABLE AS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION**

1 SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE TOTAL OF THE  
2 ALLOWANCES PAID IN EACH CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEAR  
3 PRECEDING THE FISCAL YEAR AND THE TOTAL ALLOWANCES THAT WOULD  
4 HAVE BEEN PAYABLE FOR EACH OF THOSE FISCAL YEARS IF THE ALLOWANCE  
5 FOR EACH OF THOSE FISCAL YEARS HAD BEEN CALCULATED WITHOUT REGARD  
6 TO SUBPARAGRAPH (II) OF THIS PARAGRAPH.

7                   3.     IF THE AMOUNT OF THE REDUCTION REQUIRED  
8 FOR ANY FISCAL YEAR UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH  
9 EXCEEDS THE DIFFERENCE BETWEEN THE ALLOWANCE AS PROVIDED IN  
10 PARAGRAPH (1) OF THIS SUBSECTION FOR THE FISCAL YEAR AND THE  
11 ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR, THE EXCESS SHALL BE  
12 DEDUCTED IN FUTURE YEARS, SUBJECT TO SUBPARAGRAPH (II) OF THIS  
13 PARAGRAPH, UNTIL THE DIFFERENCE IS FULLY RECOVERED.

14 29-427.

15           (a)    [(1)] [Except as provided in paragraph (2) of this subsection, each]  
16 EACH fiscal year, the Board of Trustees shall adjust an allowance by multiplying the  
17 allowance for the preceding fiscal year, exclusive of any additional voluntary annuity,  
18 by a rate not exceeding 3%, that is obtained by dividing the Consumer Price Index for  
19 the calendar year ending December 31 in the preceding fiscal year by the Consumer  
20 Price Index for the calendar year ending December 31 in the second preceding fiscal  
21 year.

22                   [(2) If the adjustment determined under paragraph (1) of this  
23 subsection for fiscal year 2011 would result in an allowance payable for fiscal year  
24 2011 that is less than the allowance payable for fiscal year 2010, the adjustment for  
25 fiscal year 2011 shall equal \$0.00.]

26           (b)    The adjustment under subsection (a) of this section shall begin the second  
27 July 1 after the day preceding the retiree's date of retirement or the former member's  
28 effective date for receipt of a vested allowance.

29           (c)    (1)    Except as provided in paragraph (2) of this subsection, the total  
30 allowance payable in each fiscal year shall be the sum of:

31                           (i)    the annual rate of allowance paid during the preceding fiscal  
32 year;

33                           (ii)   the adjustment in allowance provided for under this section;  
34 and

35                           (iii) any additional annuity.

1           [(2) For fiscal year 2012, the allowance payable as provided in  
2 subsection (a) of this section shall be reduced by the difference between the allowance  
3 payable for fiscal year 2010 and the allowance that would have been paid for fiscal  
4 year 2011 if the adjustment had been calculated as provided under subsection (a) of  
5 this section.]

6           **(2) (I) IN THIS PARAGRAPH, “ZERO-ADJUSTMENT FISCAL**  
7 **YEAR” MEANS ANY FISCAL YEAR WHEN THE ALLOWANCE ADJUSTED AS**  
8 **PROVIDED IN SUBSECTION (A) OF THIS SECTION IS LESS THAN THE ALLOWANCE**  
9 **PAID FOR THE PRECEDING FISCAL YEAR.**

10           **(II) FOR ANY FISCAL YEAR, THE ALLOWANCE PAYABLE MAY**  
11 **NOT BE LESS THAN THE ALLOWANCE PAID FOR THE PRECEDING FISCAL YEAR.**

12           **(III) 1. THIS SUBPARAGRAPH APPLIES ONLY TO A FISCAL**  
13 **YEAR THAT IS NOT A ZERO-ADJUSTMENT FISCAL YEAR.**

14                           **2. SUBJECT TO SUBSUBPARAGRAPH 3 OF THIS**  
15 **SUBPARAGRAPH:**

16                           **A. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
17 **AFTER A ZERO-ADJUSTMENT FISCAL YEAR, THE ALLOWANCE PAYABLE AS**  
18 **PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED BY THE**  
19 **DIFFERENCE BETWEEN THE ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR**  
20 **AND THE ALLOWANCE THAT WOULD HAVE BEEN PAYABLE FOR THE PRECEDING**  
21 **FISCAL YEAR IF THE ALLOWANCE FOR THAT FISCAL YEAR HAD BEEN**  
22 **CALCULATED WITHOUT REGARD TO SUBPARAGRAPH (II) OF THIS PARAGRAPH;**  
23 **AND**

24                           **B. FOR A FISCAL YEAR THAT FOLLOWS IMMEDIATELY**  
25 **AFTER 2 OR MORE CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEARS, THE**  
26 **ALLOWANCE PAYABLE AS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION**  
27 **SHALL BE REDUCED BY THE DIFFERENCE BETWEEN THE TOTAL OF THE**  
28 **ALLOWANCES PAID IN EACH CONSECUTIVE ZERO-ADJUSTMENT FISCAL YEAR**  
29 **PRECEDING THE FISCAL YEAR AND THE TOTAL ALLOWANCES THAT WOULD**  
30 **HAVE BEEN PAYABLE FOR EACH OF THOSE FISCAL YEARS IF THE ALLOWANCE**  
31 **FOR EACH OF THOSE FISCAL YEARS HAD BEEN CALCULATED WITHOUT REGARD**  
32 **TO SUBPARAGRAPH (II) OF THIS PARAGRAPH.**

33                           **3. IF THE AMOUNT OF THE REDUCTION REQUIRED**  
34 **FOR ANY FISCAL YEAR UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH**  
35 **EXCEEDS THE DIFFERENCE BETWEEN THE ALLOWANCE AS PROVIDED IN**  
36 **PARAGRAPH (1) OF THIS SUBSECTION FOR THE FISCAL YEAR AND THE**  
37 **ALLOWANCE PAID IN THE PRECEDING FISCAL YEAR, THE EXCESS SHALL BE**

1 DEDUCTED IN FUTURE YEARS, SUBJECT TO SUBPARAGRAPH (II) OF THIS  
2 PARAGRAPH, UNTIL THE DIFFERENCE IS FULLY RECOVERED.

3 **Chapter 56 of the Acts of 2010**

4 [SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act  
5 shall remain effective through December 31, 2014, and, at the end of December 31,  
6 2014, with no further action required by the General Assembly, Section 1 of this Act  
7 shall be abrogated and of no further force and effect.]

8 **Chapter 57 of the Acts of 2010**

9 [SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act  
10 shall remain effective through December 31, 2014, and, at the end of December 31,  
11 2014, with no further action required by the General Assembly, Section 1 of this Act  
12 shall be abrogated and of no further force and effect.]

13 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before November  
14 1, 2011, the State Retirement Agency shall review § 24–401 and Title 29, Subtitle 4 of  
15 the State Personnel and Pensions Article for accuracy and clarity and make  
16 recommendations to the Joint Committee on Pensions to provide greater accuracy and  
17 clarity to § 24–401 and Title 29, Subtitle 4 of the State Personnel and Pensions Article

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 July 1, 2011.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.